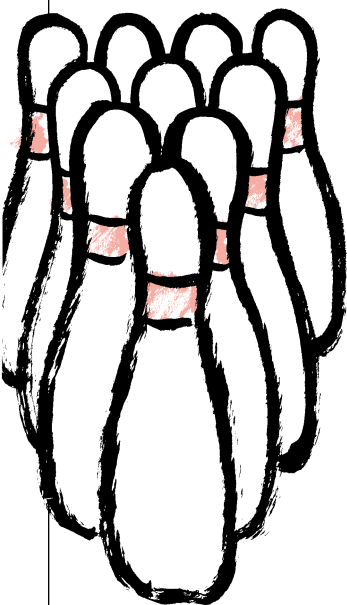


Tax Commission

# IDAHO

## RECREATION & ADMISSIONS



An  
Educational  
Guide to  
Sales Tax in  
the State  
of Idaho



This brochure is intended to help the following people understand the sales tax laws that apply to their business:

- Owners of recreational and amusement equipment;
- Those who provide meeting rooms and recreational facilities; and
- Those who charge admissions.

This information is based on the sales tax laws and rules in effect on July 1, 1999.

(Coin-operated amusement devices are not explained here. Refer to Brochure #13 – Vending Machines & Amusement Devices for more information.)

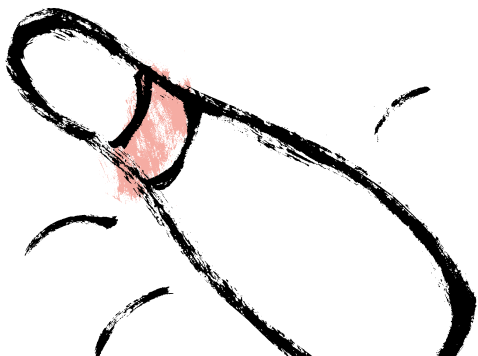
## WHAT SALES ARE TAXABLE?

Fees paid to use tangible personal property or other facilities for recreation are taxable. **Examples** include:

- Greens fees to a golf course and cart or club rental
- Bowling and shoe rental fees
- Fees paid to an outfitter
- Fees paid to a miniature golf course
- Fees paid to health clubs, spas, racquet clubs, etc.
- Fees to use a suntan booth
- Renting a facility to someone for a recreational activity (unless admission will be charged)

Admission charges are also taxable. **Examples** include:

- Movie tickets
- Nightclub cover charges
- Extra charges for reserved seats
- Minimum drink charges paid to a nightclub
- Admission charges to sports or entertainment events
- Admission charges to trade shows
- Season tickets
- Lifetime admissions
- Activity tickets sold by schools and universities that allow for free or reduced price admissions to sports or other events



## HOW IS TAX COMPUTED ON THESE CHARGES?

Sales tax must be charged on the entire sales price. For **example**, if an admission ticket is sold for \$5.00, the price should be listed on the ticket this way:

"Admission \$4.76, Sales Tax \$0.24, Total \$5.00."

## WHAT IF THE ADMISSION CHARGE IS JUST A "SUGGESTED" DONATION?

Charges for recreational use and admission charges cannot be called donations if a price is suggested. Whenever a price is suggested, sales tax must be charged, even if people who want to enter without paying are allowed to do so.

**Example:** if a nonprofit group holds a dance and posts a sign reading "\$2.00 donation suggested," an admission price has been set and sales tax must be paid. If the sign reads "admission free – donations accepted," no tax applies because no admission price has been set.

## ARE ALL ADMISSIONS CHARGED BY NONPROFIT GROUPS TAXABLE?

No. Special rules apply to some fundraisers. See Brochure #50 – Nonprofit Groups & Churches.

## WHAT IF PART OF THE FEE I CHARGE IS FOR A LESSON?

The part of the fee you charge for instruction (such as swimming, Jazzercise, dance, yoga or tennis lessons, etc.) is not taxable as long as it is listed separately from the fee for using the facility. If it is not listed separately, the entire fee is taxable.

## IF I RENT MY FACILITY TO SOMEONE ELSE, WHEN IS IT TAXABLE?

If you rent all or part of your facility to someone else, you can determine whether you should charge sales tax by asking the following questions:



1) *Will admission be charged by the person renting your facility?*

You should not collect tax from the person renting your facility if admission will be charged to an event held there. Your records must document this.

If your renter will not be charging admission, then ask the following question:

2) *Is the use recreational?*

If it is, you must charge sales tax. It does not matter that your facility itself is not a recreational facility.

**Examples** of taxable recreational uses of a facility are:

- Receptions
- Family reunions
- Card parties, bingo parties or social nights
- Dances
- Picnics or other meals
- Sports activities
- Sports competitions

**Examples** of uses that are not considered recreational (and not taxable) are:

- Business meetings
- Educational classes
- Weddings
- Religious services
- Fraternal meetings

If you rent your facility to someone who will put it to both taxable and nontaxable uses, the charge for the nontaxable use must be listed separately in order to be exempt from sales tax.

NOTE: Special rules apply to operators of hotels and motels. For more information, see Brochure #16—Food, Drink & Lodging.

## WHAT ABOUT GOLF TOURNAMENTS, BOWLING TOURNAMENTS AND SIMILAR FUNCTIONS?

When someone rents your facility to hold a tournament there, the fees you charge for use of the facility and equipment rental are taxable.

The entry fees paid by a participant to the tournament organizer are not subject to further tax as long as the organizer has paid the appropriate tax to you.

Events that are taxed in this manner include fishing derbies, fun runs, horse races, rodeos, bike races, horseshoe tournaments, swimming competitions, bowling tournaments, bingo games, etc.

If you are the organizer as well as the owner of the facility that is being used for recreation, the portion of the fee paid by the competitors for the right to use the facility and rent equipment is taxable. You must collect sales tax from the competitors. The remaining portion of the fee paid by a competitor for the right to enter the competition is not taxable.

Any prizes and trophies purchased by the organizer are taxable.

## MAY I BUY EQUIPMENT AND SUPPLIES FOR MY RECREATION FACILITY TAX FREE?

No. The equipment and supplies you buy for your facility are taxable. For example, the owner of a bowling alley must pay sales tax on all of his bowling equipment and supplies (other than the shoes rented to bowlers for an additional amount).

## WHY IS TAX CHARGED ON BOTH MY EQUIPMENT AND THE AMOUNT I CHARGE MY CUSTOMER?

The Idaho Supreme Court has ruled that when a recreation provider buys equipment to be used by his customers, he is not buying this equipment for resale, rental or lease. He is merely buying an item that he uses to further his business.

**Examples** of businesses in this category are health clubs, racquetball clubs, bowling alleys, pool halls, carnivals, carnival-type rides, outfitters, batting cages, skating rinks, golf courses and miniature golf courses.

Equipment such as skates, golf carts, bowling shoes and other items that are rented to the customer for an additional charge are treated as items purchased for resale. The business owner can buy these items without tax if he gives his supplier a completed form ST-101, Sales Tax Resale or Exemption Certificate.

## FOR MORE INFORMATION, READ:

Brochure #5	Retailers & Wholesalers: Making Exempt Sales
Brochure #13	Vending Machines & Amusement Devices
Brochure #18	Outfitters & Guides
Brochure #50	Nonprofit Groups & Churches
Rule 30	Admissions Defined
Rule 129	Use of a Recreational Facility

This brochure was prepared by the Idaho State Tax Commission. It does not provide comprehensive explanations of Idaho tax laws or rules. Specific questions should be addressed to the Idaho State Tax Commission or a qualified tax practitioner.

Costs associated with this publication are available from the Idaho State Tax Commission in accordance with section 60-202 Idaho Code.

